



# STATE OF TENNESSEE DEPARTMENT OF GENERAL SERVICES ANNUAL REPORT

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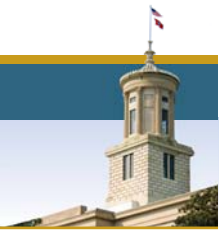
STATE OF TENNESSEE  
DEPARTMENT OF  
GENERAL  
SERVICES  
ANNUAL REPORT

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## TABLE OF CONTENTS

### Part I

#### Introduction: Organization & Responsibilities of the Department

Responsibilities of the Department .....	1
Organizational Chart .....	3

### Part II

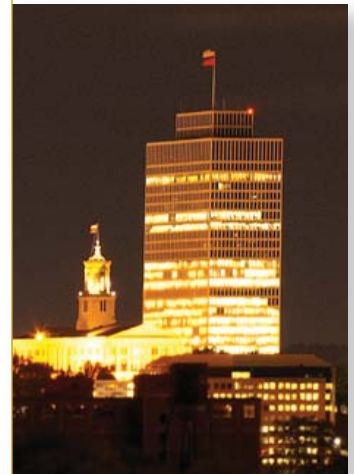
#### Agency Support Divisions

Central Procurement Office (CPO) .....	7
Motor Vehicle Management (MVM) .....	9
Postal Services .....	10
Printing and Media Services .....	11
Real Estate Asset Management (STREAM) .....	12
Warehousing and Distribution .....	20

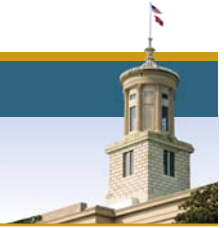
### Part III

#### Internal Agency Support Divisions

Office of Financial Management (OFM) .....	23
Office of General Counsel .....	25
Office of Information Technology Services (OITS) .....	26
Office of Human Resources .....	28
Office of Internal Audit .....	30





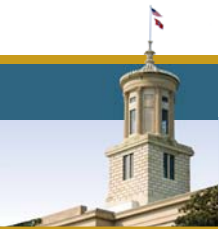


## PART I

# INTRODUCTION

## Organization and Responsibilities of the Department





## RESPONSIBILITIES OF THE DEPARTMENT

The Department of General Services is the principal support agency, providing a wide variety of services to other agencies of state government through the following agency support divisions:

- Procurement
- Motor Vehicle Management (MVM)
- Postal Services
- Printing and Media Services
- Real Estate Asset Management (STREAM)
- Warehouse and Distribution

### Mission

To be a customer focused department, providing quality, cost-effective services to transform Tennessee for tomorrow.

### History

Created by the General Assembly in 1972, the Department of General Services serves as the central administrative source for equipment and services required by other state agencies. This centralization of services is essential to the daily operation of state government.

### Commissioner Steven G. Cates

In January 2011, Governor Bill Haslam appointed Steven G. Cates as the Commissioner of the Department of General Services. In addition to serving on the Governor's cabinet, the Commissioner of General Services also serves on the following related boards, commissions, and committees:

- Procurement Commission (formerly Board of Standards)
- Information Systems Council
- Public Records Commission
- Publications Committee
- State Capitol Commission
- Employee Suggestion Award Board

The structure of the department consists of eleven divisions which are responsible for administering different aspects of departmental operations. The Deputy Commissioners and the Assistant Commissioners are appointed by and report to the Commissioner of the department.

**TENNESSEE  
DEPARTMENT OF  
GENERAL  
SERVICES**

**Steven G. Cates  
Commissioner**

**Providing Goods  
and Services to  
Tennessee State  
Government**

*The Department of  
General Services  
strives to facilitate the  
operation of state  
government in the  
most timely, efficient  
and economical  
manner possible.*

**GENERAL SERVICES DIVISIONS**

- Administration
- Governor's Office of Diversity Business Enterprise
- Motor Vehicle Management
- Postal Services
- Printing & Media Services
- Procurement
- Property Services Management
- Purchasing
- Records Management
- Warehouse Administration & Distribution

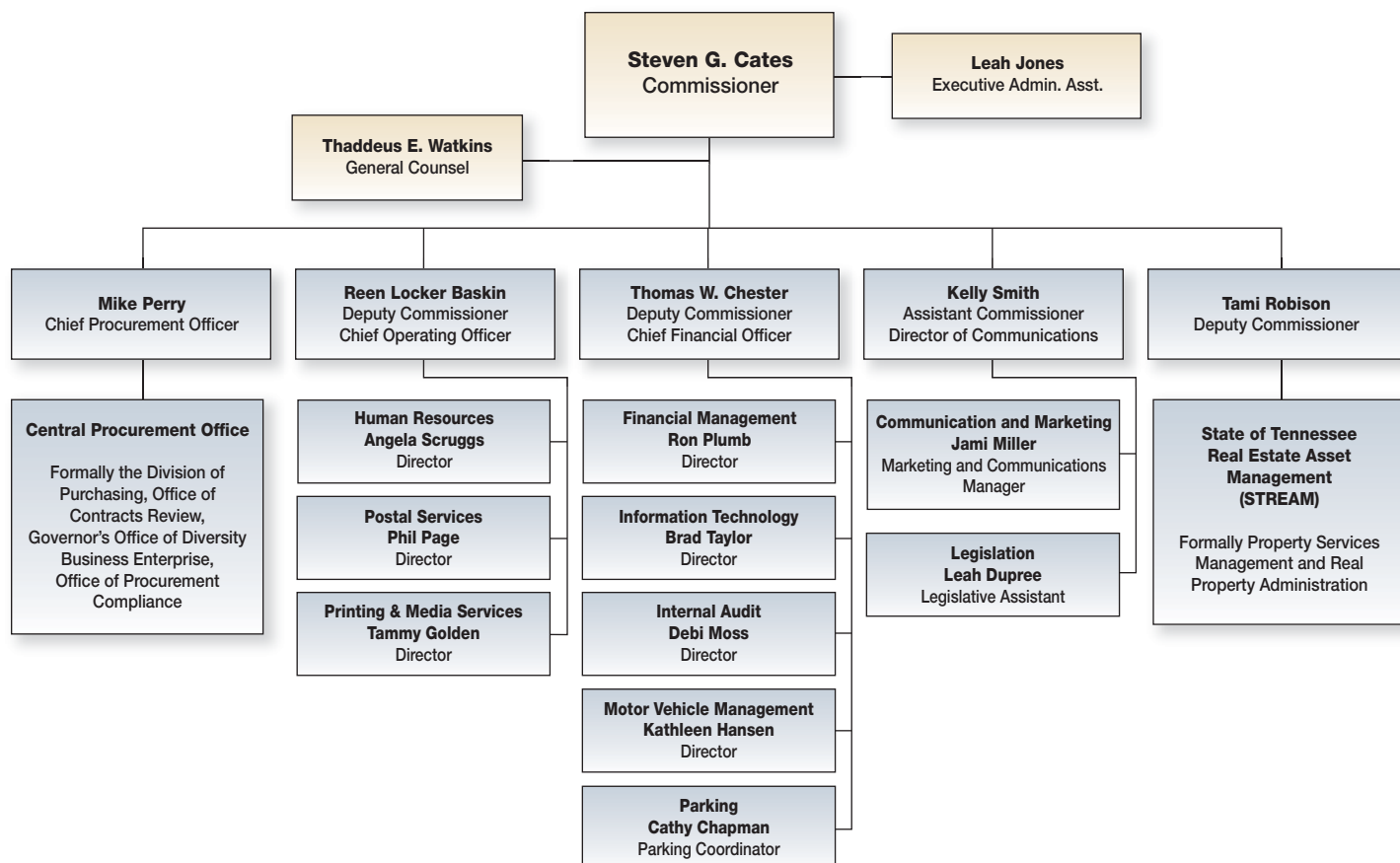
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## ORGANIZATIONAL CHART





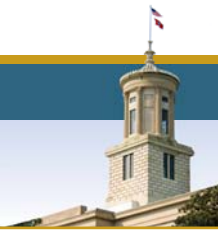


## PART II

# AGENCY SUPPORT DIVISIONS

- Central Procurement Office (CPO)
- Motor Vehicle Management (MVM)
- Postal Services
- Printing and Media Services
- Real Estate Asset Management (STREAM)
- Warehousing and Distribution





## CENTRAL PROCUREMENT OFFICE

The Central Procurement Office (CPO) was created by Tennessee Public Chapter 1098 (enacted in 2010) and Public Chapter 295 (enacted in 2011) to establish a state procurement office, Chief Procurement Officer, Procurement Commission, Advisory Council on State Procurement, and a State Protest Committee. The purpose of the legislation was to centralize procurement functions and create cost savings and efficiencies while ensuring transparency and accountability in the procurement and contracting process. The creation of centralized procurement processes has helped maximize workflow and minimize procedural steps that would otherwise impede productivity. The performance and quality of the state's procurements will be raised through new processes and the implementation of best practices.

The Central Procurement Office is the central purchasing authority for goods, non-professional services, and professional services for state government. The Central Procurement Office has the authority to enter into a contract on behalf of other state executive agencies and manages all solicitation types (Invitation to Bid, Request for Proposal, etc.). The Central Procurement Office also oversees state agency delegated procurements valued at \$50,000 and below. Additionally, the Central Procurement Office approves all contracts on behalf of the Chief Procurement Officer.

The CPO operates under the oversight of the Procurement Commission. The Procurement Commission is comprised of the Commissioners of General Services and Finance and Administration and the Comptroller of the Treasury. The Procurement Commission is responsible for review and approval of all proposed policies and procedures, rules, and statutes. There is also a Protest Committee comprised of the Commissioners of General Services and Finance and Administration and the State Treasurer. This body hears appeals from vendors who disagree with determinations made by the CPO relative to protests of a procurement process or intended award of a contract.

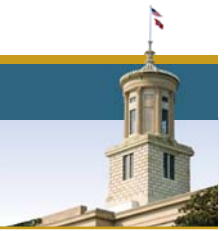
The table below shows statistical data from the Edison system relative to state procurement for the period July 1, 2012 through June 30, 2013.

Statewide Contracts	593 Contracts
Statewide Contract Spend	\$238,235,278.42
Agency Term Contracts	1,198 Contracts
Agency Term Contract Spend	\$132,360,378.50
Professional Services Contracts	3,349 Contracts
Professional Services Contract Spend	\$2,939,714,632.35
Grant Contracts Spend	\$1,216,393,671.10
One Time Purchase Spend	\$6,881,668.38
Local Agency Purchase Spend	\$26,614,906.17

### Governor's Office of Diversity Business Enterprise

The Governor's Office of Diversity Business Enterprise (Go-DBE) was created by Executive Order No. 14 on December 8, 2003. Go-DBE provides a centralized organization to facilitate greater opportunities for small, minority, woman-owned, and service-disabled veteran-owned business enterprises in the State of Tennessee's procurement and contracting activity. All positions, resources, and functions of the Governor's Office of Diversity Business





## CENTRAL PROCUREMENT OFFICE (CONT.)

Enterprise were transferred to the Central Procurement Office by legislation effective October 1, 2011, under the direction of the Chief Procurement Officer.

Go-DBE is charged with working with all departments and agencies, including the Department of Transportation and the State Building Commission to ensure an optimal level of participation by minority-owned, woman-owned, service-disabled veteran owned, and small businesses.



Recent legislation includes the expansion of the State of Tennessee's definition of a Small Business Enterprise. Effective July 1, 2013 businesses with no more than ninety-nine (99) full-time employees or with total gross receipts of no more than \$10 million dollars averaged over a three-year period, qualify as small business enterprises for certification with Go-DBE office.

Additionally, dollars awarded this past fiscal year to service-disabled veteran-owned businesses increased by 500 percent with awards for construction and maintenance for veteran-managed cemeteries.

As of June 30, 2013, Go-DBE has participated in a total of 80 workshops and conferences with over 11,000 participants. Outreach meetings are held across the state and are continuing through the upcoming fiscal year. By the end of fiscal year 2013, outreach efforts in the local community resulted in over 3,725 registrations of diversity business enterprises since program inception. Of that number, 1,182 businesses are currently certified as minority-owned, woman-owned, service-disabled veteran owned, or small business enterprises.

Go-DBE reports annually to the Governor and members of the General Assembly concerning the awarding of purchases and contracts to minority-owned, woman-owned, service-disabled veteran owned, and small businesses.



## MOTOR VEHICLE MANAGEMENT

Motor Vehicle Management (MVM) was established in 1972 with a small dispatch fleet consisting of 25 vehicles. Today, the MVM division has 26 positions that support and manage a fleet of approximately 7,161 for the State of Tennessee. Throughout the years, the division has continued to incorporate agency and departmental vehicles into its fleet.

The mission of MVM is to provide the most efficient and economical ground transportation possible to the various departments and agencies of state government. In addition, the division is responsible for establishing and implementing rules and regulations for the acquisition, utilization, assignment, and maintenance of vehicles and equipment.

MVM has a wide variety of vehicles and equipment within the fleet, from mowing equipment and tractors to trucks and buses. Current fleet counts are as follows:

Total Fleet Count	7,161
Total Vehicles	4,406
Total Lease Vehicles	873
Total Equipment	1,506
Total Attachment	376

MVM manages the following:

- **State Vehicle Misuse** - Reports of possible misuse/abuse of vehicles to assigned department or agency.
- **State Employee Shuttle Service** - Provides transportation to employees from parking lots to office buildings under the Anchor Tour contract.
- **State Employee Vanpool** - Operating 13 vans for employees commuting from different locations across the state.
- **Executive Motor Pool** - Provides temporary substitute vehicles for executive leadership and emergency responders.
- **CarShare Program with Enterprise** - Providing dispatch rental vehicles in Nashville and Knoxville for official business. Statewide rental coverage available through Enterprise Rent-A-Car.
- **Electric Vehicle Program** - Manages four Nissan Leafs provided by TDEC for hourly use in downtown Nashville.
- **Vehicle Leasing Pilot Program** - 500 Ford Fusions leased in July 2011 for department and agencies with high personal mileage reimbursements.
- **Vehicle Information, Policy, Procedure and Guidelines** - Information to assist department and agencies manage their fleets.
- **Vehicle Repair** - Maintenance and damage repair of vehicles provided by TDOT, Firestone contract and non-contract vendors.
- **Vehicle Purchasing** - Provide low cost, fuel efficient and alternative fuel vehicle options through purchase or lease contracts.







## POSTAL SERVICES

The division of Postal Services is the liaison for state government and the United States Postal Services (USPS). All activities are performed in accordance with USPS rules and regulations. Maintaining a close working relationship with USPS officials enables the state to coordinate services specific to its needs.

Postal Services was created in 1972, by statute, to establish centralized mail services for state agencies in Davidson County. The primary objective of the division is to provide an efficient and economical mail system for both incoming and outgoing mail.

In 1994, Postal Services completed its major consolidation plan of independent mail operations in Davidson County. State Postal Services' central mailroom, along with satellite offices for other agencies, were relocated to the William R. Snodgrass Tennessee Tower under one roof and one management.

Postal Services personnel are trained to screen all outgoing mail and meter accordingly. Cost comparisons are performed routinely to stay abreast of the most desirable mailing methods. This information is shared with user agencies through training classes and mail piece design assistance to reduce postage costs whenever possible.

The Incoming Mail Unit is also responsible for screening incoming U.S. mail for potential threats, including explosive devices and chemical or biological hazards. Personnel have been trained to recognize characteristics of a suspicious mail piece or package and to isolate the envelope or package and contact the proper authorities. X-ray screening equipment is used to examine the contents of suspicious articles. A secure room has been constructed with HEPA filtration for the examination and opening of suspicious mail. This room houses the current x-ray equipment, as well as state-of-the-art biodetection equipment, and a sealed glove box for use. Employees assigned to work in this room have been trained by TEMA and equipped with HAZMAT suits and masks.

During fiscal year 2012-2013, Postal Services handled over 40 million pieces of outgoing U.S. mail. The presort program has been the most beneficial source for reducing postal costs. The use of automated equipment enables Postal Services to sort the output of all other departments and produce one single mailstream and maximize postage discounts. In fiscal year 2012-2013, the presort program produced a postage savings of \$3,218,772.90. Since its inception, the presort program has saved \$50,998,627.33.

Mail carriers travel a 38-mile radius from the State Capitol to provide service to its customers. Pick-up and delivery of U.S. mail and messenger mail is provided daily to over 414 state offices with an average of 170 miles traveled per day.

During fiscal year 2012-2013, Postal Services delivered 4,690,279 pieces of incoming U.S. mail and 187,850 pieces of messenger/inter-office mail.





## PRINTING & MEDIA SERVICES

The mission of the Printing and Media Services Division is to provide exceptional print media services and products on time and at the lowest possible cost by well trained and motivated employees.

The 50 Printing and Media Services employees provide a full range of offset and digital printing, variable data printing, bindery services, graphic and web page design, photography, document scanning, forms and publication authorizations. The division provides services to all three branches of state government.

In 2012, the Printing and Media Services Division received six national awards for printing and design from the In-Plant Printing and Mailing Association and the Printing Industry Association of the South, including one for the Department of General Services' Annual Report.

In 2013, the Printing and Media Services Division purchased new equipment that allowed the Division to start printing all state employee business cards. Previously, business cards had been printed by an out of state printer from a competitively bid contract. By bringing this printing in-house, the state is saving money and the turnaround is much quicker.



### DIVISION VOLUME

#### Last Eight Fiscal Years

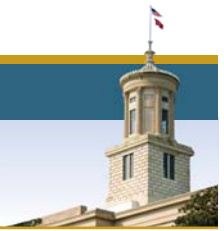
FISCAL YEAR	PRINTING REVENUE	GRAPHICS REVENUE	PHOTO SVCS. REVENUE	MICRO GRAPHICS
2005-2006	\$3,273,606	\$128,717	\$152,557	
2006-2007	\$3,395,488	\$184,662	\$136,057	
2007-2008	\$3,449,167	\$199,264	\$168,450	
2008-2009	\$3,240,280	\$168,313	\$134,526	\$118,492
2009-2010	\$3,168,049	\$152,649	\$114,053	\$324,234
2010-2011	\$3,375,511	\$161,083	\$131,902	\$219,483
2011-2012	\$3,227,311	\$222,589	\$151,908	\$207,924
2012-2013	\$3,367,772	\$391,082	\$134,258	\$386,454

### Forms Management

The forms management program focuses on the reduction and simplification of forms used by the state government in its daily operations of providing services to the public and interacting with businesses. The State of Tennessee currently has a total of 9,635 forms. During FY 2012-2013, 444 new forms were approved. The state eliminated 226 forms for an estimated cost avoidance of \$230,746.

### Publications Program

The Commissioner of the Department of General Services is responsible for establishing rules and regulations to control the cost and proliferation of publications and to promulgate guidelines governing the printing and distribution of state agency publications. During fiscal year 2012-2013, 734 publications were approved at a total cost of \$2,132,522.



## REAL ESTATE MANAGEMENT (STREAM)

The Real Estate Asset Management (STREAM) division is the capital and real estate procurement arm of general (non-institutional) state government handling all issues of land, lease, and construction on behalf of the State of Tennessee. Additionally, STREAM is responsible for managing 9.6 million square feet of general government office and warehouse facilities for Tennessee – or roughly 10% of the State's total real estate portfolio of 93.5 million sq ft. STREAM works under the authority and policies of the State Building Commission to carry out its mission to serve all State agencies with their capital and real estate needs.

### REAL ESTATE MANAGEMENT SERVICES OUTSOURCING

In response to Governor Haslam's challenge to improve services and achieve greater efficiencies in state government, STREAM initiated a bench-marking effort in late 2011 to research best corporate real estate practices – in both the public and private sectors. A consistent finding in the private sector was the growing trend to outsource real estate services.

With that in mind, STREAM leadership took an innovative approach to reducing costs and improving efficiencies across our real estate portfolio by procuring the services of an industry expert to provide comprehensive, integrated real estate management services for the State of Tennessee. In partnership with multiple State departments and agencies, an RFP was developed and released in October 2011. The scope of requested services initially included: facilities assessment, operations analysis, occupancy master planning, capital pre-planning, and project management. Facilities management and lease transaction management services were later added through subsequent contract amendments.

Upon completing a competitive procurement process, in March 2012 Tennessee retained the services of commercial real estate professionals Jones Lang LaSalle (JLL) to assist in the implementation of this vision. In doing so, Tennessee became the **first state** in the nation to outsource comprehensive, integrated real estate services.

The following is a brief overview of the first five initiatives STREAM implemented under the new partnership agreement with Jones Lang LaSalle during FY12-13.

#### Facilities Condition Assessment

The first challenge was to conduct an in-depth facilities condition assessment on STREAM's Facilities Revolving Fund (FRF) building portfolio. In the spring of 2012, STREAM and JLL launched a Facilities Condition Assessment, comparing established industry benchmarks with a representative sampling of the State's FRF office buildings. A total of 33 out of 159 state bldgs – 5.5 million sq ft – were identified and evaluated. In each facility, 85 items were evaluated and scored on a scale of 1 (lowest) to 5 (highest). A total score of 70 was considered acceptable.

The average facility score for Tennessee State-owned buildings was 67 with the lowest score at 44.6 and the highest at 92.7. Other findings include:

- **Deteriorating Buildings** – the average age of State-owned buildings in STREAM's portfolio is 35 years with the oldest 43% of these facilities averaging 50 years in age.





## REAL ESTATE MANAGEMENT (STREAM) (CONT.)

- **High Replacement Cost** – the estimated asset replacement value of just the general government buildings is \$6.2 billion.
- **Life Safety / Risk Management** – numerous safety hazards were identified throughout the portfolio including windows falling out of high-rise buildings and chunks of concrete and rebar dropping from parking structure ceilings.
- **Facility Management Operations** – many facilities were overstaffed and underperforming with high operating costs, “run-to-fail” maintenance practices, little-to-no documentation on systems and buildings, and lack of training programs with few plans to improve.

Additionally, in the 33 buildings studied – 57% of STREAM’s total FRF portfolio – it was determined that the State was faced with \$241 million in deferred maintenance due to inadequate capital funding, poor maintenance, and inefficient utilization. These included new roofs; improved safety/fire protection; and updated HVAC, electrical, plumbing, and data systems.

Lastly, extensive inefficiencies were observed within the FRF office environment. These included out-of-date office systems, worn out carpet, high workstation walls, little-to-no outside light, poor records and surplus management, and neglected common area space such as restrooms, elevators, water fountains, and lobbies. As a result, many state agencies had abandoned State-owned space for the attraction of newer – and often more costly – lease space nearby.

### Leasing & Project T3

In view of these findings, in July 2012 STREAM launched an ambitious statewide plan called **Project T3: Transforming Tennessee for Tomorrow (T3)** to relocate a number of client agency operations – along with approximately 14,000 employees (roughly one third of the State’s total workforce) – from expensive or outdated FRF office space into efficient and improved buildings. The first phase of Project T3 will be completed in late 2013.

By the end of FY12-13 – halfway through Project T3 – anticipated improvements in productivity and morale from better working conditions and modernized office systems were already being realized, effectively changing the whole culture of state government. As a result, Project T3 has produced a more positive, collaborative working environment that has given STREAM’s agency clients an effective tool in recruiting and retaining quality workers to better serve the citizens of Tennessee, a priority of the Haslam administration.

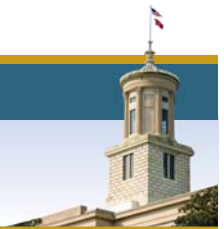
### Master Planning

Through the process of Master Planning, STREAM seeks to create an environment that not only supports state employees but one that facilitates each State agency’s mission while also improving space utilization and efficiency. In the case of Project T3, Master Planning played a critical role in the analysis of STREAM’s State-owned and leased FRF real estate portfolio.

As noted earlier, many State-owned FRF buildings were found to be old and deteriorated, reflecting yesterday’s culture, and on average, were 40 percent vacant. As a result of decentralized agency budgeting, many State agencies had moved to modern leased space that was more desirable but also more costly per square foot than State-owned space.







## REAL ESTATE MANAGEMENT (STREAM) (CONT.)

Through Master Planning, STREAM identified opportunities to optimize space utilization, improve efficiency, and increase effectiveness through co-location and other improvements to inter-agency and intra-agency occupancy. One of the first in a new wave of projects resulting from these recommendations was re-configuring space in nine State-owned buildings in five of the State's largest cities. After the re-stack was complete, the buildings were more efficient and able to accommodate the relocation of thousands of additional State workers through Project T3.

During the end of FY12-13 and the beginning of FY13-14, STREAM worked with Jones Lang LaSalle on Phase 2 of the Facilities Condition Assessment and Strategic Real Estate Master Plan. This effort involved the remaining FRF agencies were not included in Phase 1, plus another six agencies outside of FRF.

Three major objectives related to the subject buildings and campuses were achieved: the current condition of facilities and campuses were assessed; site and facilities analyses were conducted regarding space uses and future needs; and a timetable of recommended priority listings of capital improvements and capital maintenance projects were provided. With this information the agencies will be able to develop a much more meaningful, substantive, and forward thinking plan for capital projects. In many instances, this information will be used in the planning of future capital projects requested for FY14-15.

### Capital Pre-Planning

A fourth initiative under STREAM's multi-tiered partnership with JLL was the development of a rigorous capital pre-planning process. The purpose of capital pre-planning is to ensure that all project budget requests submitted to the Department of F&A at the end of September each year have a comprehensive scope of work, a detailed and high confidence budget, and a business case analysis—not only of the evidence of need but also of alternative solutions considered.

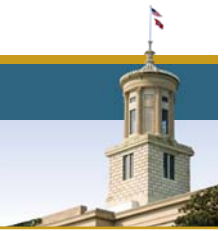
In early 2012, the State's Executive Leadership expresses desire for capital project requests to be first pre-planned by STREAM with accurate scope and budget. In other words, each agency had to create a business case that provided justification for every project moving forward. This pre-planning process was most active during the first three months of the fiscal year, completing FY13-14 proposed project requests, and the last four months of the fiscal year, beginning work on proposed projects for FY14-15.

For each request, STREAM and JLL personnel worked together with agency clients, providing recommendations on whether to proceed, amend, reject, or investigate the proposed projects further. In some cases, the team was able to recommend vacating – even demolishing – a building as a cheaper alternative to initiating expensive repairs on aging facilities. In other cases, the team found that repairs would actually cost more than what was originally requested as part of the budget request.

Upon concluding this first wave of pre-planning, several significant findings included:

- Over a fourth-month period, STREAM received 232 project requests from 20 agencies with an initial budgeted value of \$429 million
- 162 of these projects were recommended to proceed with a revised – more realistic – budget impact of \$505.5 million





## REAL ESTATE MANAGEMENT (STREAM) (CONT.)

- More than half the recommended projects (including those earmarked for the future) had a variance greater than 25 percent between the submitted and the final recommended budgets
- The remaining 70 projects (30 percent) were cancelled, deferred, placed on hold, or not recommended, effectively avoiding another \$47.5 million in capital spending
- With higher confidence budgets, this process enabled the State to avoid another \$122.4 million in potential budget shortages on the 162 recommended projects

### Facilities Management

Lastly, to drive the advanced assessment and implementation of its portfolio strategy, the Central Procurement Office (CPO), at the request of STREAM, issued an RFQ for a partner to provide comprehensive facilities management services for both State-owned and leased FRF office facilities throughout Tennessee. In March 2013, notice of intent to award the contract was sent to Jones Lang LaSalle to provide comprehensive FM services to the State with an effective start date of July 1, 2013.

Through the outsourcing of facilities management services, STREAM aims to: reduce operating costs; improve the quality and timeliness of services; implement “best in class” real estate practices; provide continuous innovation and leadership; and offer scalable and flexible energy and sustainability solutions for state buildings. Under the new facilities management partnership with JLL, additional cost savings to the State are projected to range between \$50 million and \$100 million over the next five years.



### OTHER SIGNIFICANT ACTIVITIES

In addition to the above outsourcing initiatives, here is a brief summary of other significant activities and accomplishments performed by STREAM personnel during FY12-13:

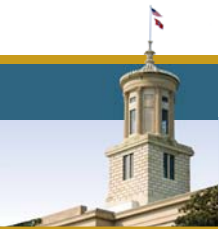
#### State Building Commission Relations

The principle role of the SBC Relations staff is to regularly engage with STREAM leadership, the Office of the State Architect (OSA), and the State Building Commission (SBC) in order to focus on ways to streamline all real estate and capital project approval processes and procedures that ultimately result in shorter duration and improved customer service for agency clients. This team provided a key leadership role in guiding and directing the above outsourcing proposals through the SBC approval process during FY12-13.

#### Real Estate Compliance

The Compliance team provides in-house legal counsel and oversight for STREAM. Highlights of their work during FY12-13 include:

- Prepared five separate amendments to the JLL base contract, enabling STREAM to more effectively leverage the State’s master agreement with them
- Prepared the Facilities Management Services RFQ and contract
- Assisted with the preparation of the new Qualitative Lease RFP



## REAL ESTATE MANAGEMENT (STREAM) (CONT.)

### Real Estate Leasing

The Leasing group is responsible for managing the tenant-lessor relationships for more than 370 third-party FRF leases in a total of 3.4 million square feet of rental space. This team also provided critical support for Project T3 by negotiating temporary hoteling leases for relocated agency operations.

### Space Planning

This team serves as the State's in-house Interior Design Studio. In addition to office space planning and interior design, they are responsible for relocation coordination for all FRF facilities. With the planning and execution of two new major projects—the Capitol Building HVAC Renovation project and Project T3—additional space planning support was provided by STREAM business partners, Nashville Office Interiors and Gresham Smith & Partners. Together, the Space Planning team achieved the following milestones during FY12-13:

- Successfully relocated Capitol Building staff out of temporary housing in the Tennessee Tower, safely returning them along with historic furniture and artifacts back into the newly renovated Capitol Building by the December 2012 deadline
- Continued to provide support for Project T3 by gathering programming information from State agencies for over two million square feet of office space in 16 State-owned facilities



### Real Estate Acquisitions / Dispositions

The Real Estate section functions as the real estate agent for Tennessee state government. It manages a variety of real estate transactions for the State including: land acquisitions, disposal of surplus real property, land leasing, transfers of jurisdiction, easements, and license agreements. Significant transactions during FY12-13 include:

- Radnor Lake Acquisition (\$2,999,550)
- Cookeville Armory Disposal (\$465,000)
- Cummings Falls Acquisition (\$943,785)
- Rogers Group Land Swap (\$1,500,000)
- 2 Cumberland Avenue Acquisitions (\$2,600,000)
- Southeast Precast Acquisition (\$1,400,000)
- 2200-2400 Charlotte Disposals (\$1,050,000 & \$500,000)
- Doe Mountain Disposal (\$8,800,000)
- Sutherland Avenue Acquisition (\$1,060,000)
- Wolf River Acquisition of 10 tracts (\$628,849)
- MTMC Acquisition (\$11,100,000)
- Veteran's Home Acquisition (Gift)
- McCormick Paper Acquisition (\$280,000)
- 75 College Park Acquisition (\$525,000)



## REAL ESTATE MANAGEMENT (STREAM) (CONT.)

### Facilities Administration

The Facilities Administration team provided operational administration, maintenance, landscaping, and fire and life safety support for a portfolio of 156 FRF State-owned plus more than 370 leased office and warehouse facilities – roughly 9.6 million sq ft – located in 15 complexes across the State. Beginning in FY13-14, the Facilities Management function was outsourced to JLL (see above). Facilities Administration highlights during FY12-13 include:

- The development of a new comprehensive, integrated Facilities Management Services RFQ. This collaborative approach took into account the best FM industry practices and methods of measurement with which to evaluate and procure FM services, producing results that will be beneficial to STREAM's State agency clients.
- Evaluated all proposals and performed in-depth interviews to select an FM partner who could deliver excellent levels of service at a verifiable cost savings.
- Hand-in-hand with JLL, STREAM's new FM partner, the Facilities Administration team co-directed an intensive three-month transition process, identifying all functions, processes, tasks, and procedures necessary to deliver a near seamless transition from in-house to outsourced FM operations by the "go live" date of July 1, 2013.



### Capital Projects: FRF

The FRF Capital Projects group works directly with the Facilities Administration and Space Planning teams along with outside contractors to provide management oversight for a number of capital projects primarily related to non-higher education State office and warehouse facilities funded by the Facility Revolving Fund. This group is responsible for the master planning, budgeting, implementation, and closeout of all capital projects for over 6.6 million square feet of real estate. In addition to Project T3, significant milestones during FY12-13 include:

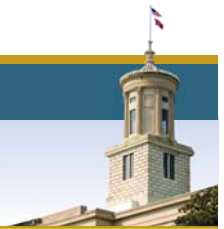
- Implemented the revised Job Order Contract program which includes faster project delivery for over \$3 million worth of capital projects
- Managed over 80 projects worth more than \$500 million in various phases of design, construction, or closeout
- Introduced Design-Build as a new delivery method for use in the procurement of capital projects

### Capital Projects: Non-FRF

The Non-FRF Capital Projects group facilitates the capital improvement and capital maintenance programs of non-FRF, non-higher education agencies whose facilities and projects stretch across the state. During FY12-13, this group worked with JLL on master planning and pre-planning which resulted in proposed project budget requests and ultimately the development of a charter for each budgeted capital project (see highlights noted above).

The project charter establishes scope, schedule and budget, and specifically identifies project stakeholders while addressing project constraints and risks. The State Agency Managers develop the projects up to the point of State Building Commission (SBC) approval, at which point they are turned over to the Project Management Office (PMO) for project implementation. The PMO manages projects through design and construction until final





## REAL ESTATE MANAGEMENT (STREAM) (CONT.)



completion and release of the facility to the managing agency. Significant accomplishments from FY12-13 include:

- Successful launch of Phase 2 of the Facilities Condition Assessment / Master Plan effort in March 2013
- Substantive meetings with client agency Commissioners and staff members related to pre-planning and master planning
- Development of in-depth project reporting from the Project Information Tracking System (PITS) database
- Improved tracking of key capital project information including costs, milestone dates, and status
- Implemented monthly executive reporting of capital project status and costs; including budgeted, committed, and actual

### Project Management Office

The Project Management Office (PMO) schedules, monitors, and manages the workflow of capital projects authorized by the State Building Commission (SBC). The PMO is staffed by industry professionals from Parsons-Brinkerhoff with expertise in scheduling, cost estimating, workflow analysis, risk analysis, and program management. This team not only tracks and expedites the flow of capital projects, but also provides technical support services for all of STREAM's State Agency Managers and staff.

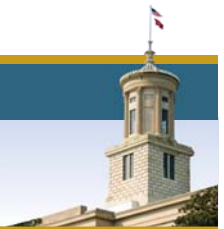
PMO staff levels have reached 30 with additional positions being considered. The addition of this supplemental staff that fills the roles of scheduler, cost estimator, and statewide project manager, has resulted in the elimination of backlogged projects allowing projects to be completed and new or updated facilities turned over to agencies much sooner, as evidenced by PITS reporting. Highlights of PMO activities in FY12-13 include:

- Implementation and development of a project collaboration and tracking SharePoint website
- Implementation of consistent project management methodology across STREAM
- A decrease in the number and value of change orders as well as a decrease in the time for change order review and approval
- A decrease in the average number of days for project completion

### Energy Management / Sustainability

The purpose of the Energy Management group is to protect and preserve the State's real estate assets through improved occupant safety and welfare, shrink the State's carbon footprint, and reduce operating costs. To that end, the Energy Management team achieved the following milestones during FY12-13:

- Developed a means to collect and store accurate energy cost and consumption data for all State-owned FRF buildings; currently exploring means to do the same for all agencies and departments
- Collaborated with the Facilities Administration team on developing a pro-active energy management program for FRF buildings; lessons learned here will be applied to a broader plan for other agencies and departments



## REAL ESTATE MANAGEMENT (STREAM) (CONT.)

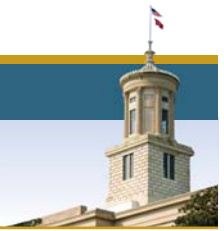
- Continue to work with the Office of the State Architect (OSA) on a project pre-planning process that includes consideration of energy conservation measures to save energy money and preserve state assets
- Developed with the OSA state-wide High Performance Building Requirements (HPBr) that allow a consistent approach in following industry best practices in the construction, renovation, and maintenance of state facilities including commissioning; implementation of the HPBr will begin in the fourth quarter of 2013
- Continued ongoing efforts to identify smart energy conservation projects that save the state money, including other funding sources such as grants, rebates, and incentive payments like TVA's EnergyRight Solutions program and the Clean Air Act Settlement Funds
- Provided assistance to other State agencies on energy conservation opportunities as part of the State Building Energy Management Program
- Completed four electric vehicle solar-assist charging stations on state property through participation in the DOE Electric Vehicle Project and continue to assist in developing a program for State EV fleet vehicles in collaboration with TDEC

### Leadership & Training / Special Projects

This team provides executive coaching, management consulting, special projects coordination, and training support to the STREAM leadership team and their respective staffs. In November 2012, the responsibility for State Records Management Administration was transferred from this group to the Secretary of State's office. in November, 2012.

STREAM is proud to help DGS and the State of Tennessee lead the nation in creating a comprehensive, integrated real estate services program that we believe will allow our citizens to receive the best possible service at the lowest possible cost.





## WAREHOUSING AND DISTRIBUTION

The Division of Warehousing and Distribution consists of three major program areas.

### Logistics Services

Our warehousing and logistics operation provides quality, cost effective logistical support, including warehousing and distribution services, to departments and agencies of Tennessee State Government. Although Warehousing and Distribution does purchase a small percentage of printed materials, the majority of goods are purchased by other State Agencies, with the Division functioning as a third-party logistics center. The Division provides distribution and storage services for a variety of forms, publications, envelopes, and other printed materials at competitive prices; as well as fulfilling logistical service needs for other specialized items that cannot be warehoused and/or distributed more efficiently or cost effectively elsewhere. By providing direct customer order entry to the centralized warehouse, the Division relieves participating agencies of the warehousing and distribution burden, allowing the reallocation of staff to other duties.



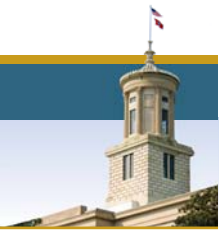
In FY13, the logistics program:

- Maintained an inventory of approximately 941 agency-owned items and 75 owned products.
- Shipped more than 24,000 order lines.
- Provided logistics services for fifty-four State departments, agencies and commissions, handling and shipping more than 90 million pieces.
- In order to cover operational costs, generated revenue totaling more than \$1.4 M.

### Surplus Property Program

The State of Tennessee Surplus Property Program redistributes personal property declared as surplus by the State or Federal Government. This program works closely with State agencies, assisting them in the turn-in/disposal of property they have deemed obsolete or no longer needed. Redistribution is accomplished by transferring property back into state service, by transferring property to eligible governmental entities and other non-profit health or educational organizations, or by selling to the general public if not needed by eligible organizations.

- LESO - Tennessee's Law Enforcement Support Office (LESO) is made up of two programs: the 1033 Program and the 1122 Program. Eligible participants consist of Law enforcement agencies whose primary function is the enforcement of applicable Federal, State, and local laws, and whose compensated law enforcement officers have powers of arrest and apprehension. Programs administered include:
  - 1033 Program – Allows for the reutilization of transfer of excess Department of Defense (DoD) personal property to federal, state, and local law enforcement agencies with special emphasis given to counter-drug and counter-terrorism activity.
    - Law enforcement agencies (LEA's) receive DoD excess property at no charge, an participation fees is required.
    - Inventory acquired by TN law enforcement includes, but is not limited to: Humvees, weapons, helicopters, watercraft, armored personnel carriers, heavy equipment, and other various enforcement and training equipment.
  - 1122 Program – Allows State and local governments to purchase law enforcement equipment suitable for counter-drug and homeland security activities through federal government contracts, resulting in savings of 25 – 70% off civilian retail.



## WAREHOUSING AND DISTRIBUTION (CONT.)

- Inventory purchased by TN law enforcement includes, but is not limited to: helicopter parts, flight suits, night vision equipment, digital recording equipment, mobile surveillance towers, office furniture, and any other equipment as available on Federal contract.

In FY13, the surplus operations program:

- Served more than 916 eligible organizations.
- Administered the surplus process for more than 54,000 pieces of property, resulting from 2,200 individual surplus requests.
- Purchased 31 and sold 28 GSA Fleet vehicles, netting revenue of more than \$65,200.
- Coordinated acquisition of approximately \$1.7 million in Federal surplus property for Divisional customers (original acquisition cost). Fees collected totaled approximately \$43,000 which was used to cover operational cost of the section.
- Coordinated the sale of State property with an approximate fair market value of more than \$2.2M to eligible organizations.
- Offered 2579 line items of property to the general public through internet sales, generating more than \$4.5M in recovered funding for the State of Tennessee.
- The LESO program coordinated the transfer of property with an original acquisition cost totaling almost \$17.6M to participating law enforcement agencies and coordinated the transfer of more than 6877 pieces of excess DoD property.

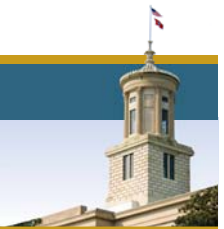




## PART III

# INTERNAL AGENCY SUPPORT DIVISIONS

- Office of Financial Management (OFM)
- Office of General Counsel
- Office of Information Technology Services (OITS)
- Office of Human Resources
- Office of Internal Audit



## OFFICE OF FINANCIAL MANAGEMENT (OFM)

The Office of Financial Management (OFM) provides analytical and technical service support that is critical to the daily operation of the Department of General Services (DGS). OFM is responsible for managing all accounting and fiscal activities, as well as coordinating budget activities for the agency.

OFM utilizes the state's accounting system to process fiscal transactions from the start of the procurement process through the point of vendor payment. OFM also uses the state's accounting system to collect revenue from other state agencies and external customers for services provided by the agency's program areas. Furthermore, the division is responsible for oversight of attendance/leave transactions and employee payroll processing.

OFM strives to provide accurate, clear, and concise information through sound budgetary analysis and fiscal reporting. The goal is to facilitate data-driven decision making in all program areas by providing relevant, appropriate, and timely information to the agency's leadership team. The organization of OFM changed significantly in FY13 with the implementation of the Governor's Executive Order #13, which resulted in the accounting staff positions being transferred to the Department of Finance and Administration (F&A) in July 2012. The transfer was part of a larger initiative to more efficiently deliver accounting and financial reporting services to state agencies. The OFM staff that transferred to F&A were not physically relocated and have continued to provide the same direct accounting support to the DGS program areas.

OFM's service support activities include the following:

### **Budget**

- Preparing annual agency budgets and periodic budget revisions
- Monitoring and analysis of transactions for the purpose of budget to actual comparisons
- Conducting financial analysis of capital purchase decisions
- Determining monthly agency cost allocation and labor distribution
- Preparing annual financial statements
- Maintaining accounts receivable records and monitoring collection efforts

### **Transactions**

- Processing and auditing vendor invoices
- Receiving and reconciling cash receipts, and making daily bank deposits
- Preparing and processing interagency billings for all services provided by the agency
- Entering bank-drafted utilities payment data into the State's utilities management system
- Preparing financial transactions associated with the transfer of ownership of state surplus property sold at public auction

### **Payroll**

- Processing employee payroll transactions
- Monitoring employee leave and attendance reporting records
- Reviewing and approving employee payroll checks and direct deposits







## OFFICE OF FINANCIAL MANAGEMENT (CONT.)



### Other

- Review and approval of employee's State payment card purchases
- Approving agency requisitions and purchases
- Offering financial advisory services and fiscal training programs
- Coordinating the annual inventory of agency assets
- Observing perpetual inventories and preparing the annual inventory reconciliation





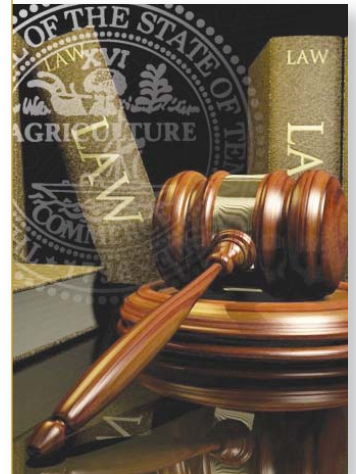
## OFFICE OF GENERAL COUNSEL



The Office of General Counsel provides legal advice to the Commissioner and all divisions of the department on a variety of legal matters including, but not limited to, the following:

- Representing the Department in a wide range of matters with outside parties and other governmental agencies and officials;
- Ensuring compliance with State statutes, rules and regulations and policies;
- Providing guidance and support to all of the Department's attorneys;
- Assisting in the formulation of Requests for Proposals and defending contract protests;
- Employment actions;
- Pursuit and collection of monetary damages from claims involving state personal and real property.

The General Counsel works closely with the Department's Public Information Officer when necessary, and also acts as legislative liaison upon request, for the Department.







## OFFICE OF INFORMATION TECHNOLOGY SERVICES (OITS)



The Office of Information Technology Services (OITS) is responsible for providing IT direction and support to departmental users and programs. The office strives to provide excellent customer support and support for all divisions of the Department of General Services (DGS) through technical innovation. Our support efforts focus on:

- Reviewing, purchasing, and installing technical solutions that assist our divisions in meeting their business goals and requirements;
- Helping our divisions succeed by providing timely answers for technical questions;
- Deploying, maintaining, and securing hardware and software;
- Provisioning and support of mobile devices and wifi technologies.

The mission of OITS is to provide outstanding technology solutions to the divisions of the DGS to facilitate the operation of state government in the most timely, efficient, and economical manner possible.

OITS is comprised of the following groups:

### **Desktop Support**

The desktop support team is committed to ensuring all desktop technology is fully functional and contains the proper software users require to be successful in their positions. This includes, but is not limited to, desktop PCs, laptop PCs, Apple computers, iPads, mobile devices and phones.

### **Infrastructure and Security**

The Infrastructure and Security team's mission is to ensure that all users and all applications have the necessary network connectivity, security and tools to allow our divisions to succeed. They work together to seek ways to share resources among divisions that have similar communication and presentation needs.

### **Application and Business Support**

The Project Management team partners with our divisions to determine their business requirements in an effort to find a technical solution that will help each division to meet its goals. They provide analysis, research, acquisition and configuration of applications that will allow our divisions to provide excellent service to sister Departments.

## **Accomplishments In This Fiscal Year**

Equipment, Software, and Network Access Enhancements for our users:

- Improved customer service by responding to Priority 1 help desk tickets within the hour of receiving them, Priority 2 tickets within two hours, and Priority 3 tickets within four hours. This was measured by a customer satisfaction survey that produced an 83% approval rating.
- Achieved a 98% compliance with replacing Windows XP by 2014 due to the end of life for the product.
- Provided technology support for the DGS employees during the T3 project.



## OFFICE OF INFORMATION TECHNOLOGY SERVICES (OITS) (CONT.)



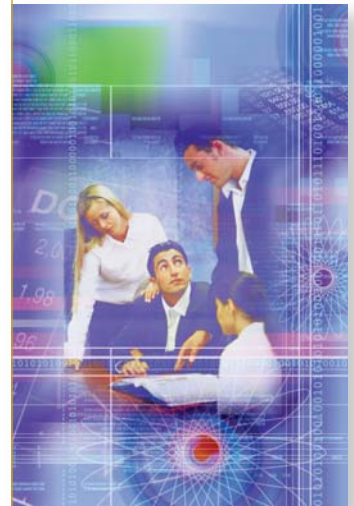
- Provide technology and desktop setup support for many of the State agencies impacted by the T3 project.

### Building Security Project

- Assisted with Facility Commander Installations at several T3 locations.

### Project Managers

- Continued efforts on the Archibus installation. The project is currently in the design phase of implementing the Capital Projects Management module. ARCHIBUS is a web based central tracking and workflow system for managing real estate operations, capital projects, portfolio management, space management, and other functions.
- Enhanced the Utility Management System (UMS) by creating a process flow for accurately capturing utility usage so that the data can be analyzed to see trends and possibly save costs.
- Completed an IT Disaster recovery plan for all the systems within DGS.
- Redesigned and published a new Intranet site for DGS.
- Replaced the Surplus property system that is used to redistribute and sell surplus property with a new SaaS system by Asset Works / In Circuit. This is allowing the Surplus department to work in a virtual mode as they do not need to warehouse surplus items.
- Assisted the CPO with implementing an eCatalog system that allows local governments to procure goods off state contracts. The increased volume will assist in the negotiation of better pricing from key vendors.





## THE OFFICE OF HUMAN RESOURCES



The Office of Human Resources drives the planning and implementation of a broad range of HR programs including employee relations, compensation and employee transactions, organizational design/change, performance management, recognition programs, workforce planning, talent management, learning and development and employee engagement. We also support the department's mission to facilitate the operation of state government in the most efficient, transparent and economical manner possible. The goal of the Office of Human Resources is to be responsive to the changing needs of constituents and to partner with the entire organization, showing how human resources can identify and help the organization in managing its strategic plan. We do this while advancing the strategic goals and interests of the department and by taking a proactive approach to promoting and sustaining a high level of employee moral.

The Office of Human Resources seeks to add value to the department by offering services through open communication, professionalism, expertise, and honesty. Our mission is to modernize and streamline the State's HR programs to recruit, develop, and retain a well-qualified, high-performing workforce by partnering with DoHR and the implementation of the TEAM Act. This will be accomplished by advising and making recommendations through our four business units:

- Compensation, Transactions and Benefits
- Talent Management
- Employee Relations and Compliance
- Organizational Learning and Development

As the Office of Human Resources evolves, we are excited to bring more value-added recommendations and services to the department. The Office of Human Resources is tasked with fulfilling the following important roles:

### 1. Strategic Partner

- Mission Oriented – Understand the public service environment and the direction and purpose of our organization.
- Assists with the formulation of departmental and divisional strategy, following policies and practices that maximize the potential of its human resources while minimizing risk.
- Serves as a trusted advisor and business partner to the executive/management team on people and organizational issues.
- Provides guidance on managing complex and sensitive employee relations matters.
- Knows the various positions and duties within the organization ensures human resources to develop the knowledge needed to provide recommendations for the strategic planning process.



## THE OFFICE OF HUMAN RESOURCES (CONT.)

- Establishes and enhances partnerships with departments to anticipate and respond to changes, priorities, and staffing trends.
- Looks at issues from a global and fresh viewpoint.

### 2. HR Subject Matter Expert

Makes educated decisions based on the roles and responsibilities of each function and implements human resources processes and best practices to make strategy implementation happen. Benchmarks competitors and best-practice organizations.

### 3. Human Capital Developer

Talent management drives the organizational results to align our business and people strategies. Employee and leadership development is part of the talent management strategy to invest in our employees through formal and informal training and the process of establishing career objectives, SMART goals and developmental programs to further develop the skills to achieve short or long-term career objectives. Promotes, supports, and leverages technology resources and tools to improve and enhance workflow efficiency and improve customer service. Creates a renewed focus on performance management and on performance and process improvement.

### 4. Employee Advocate

Ensures that employee's needs are met to create a positive working environment and a win-win working relationship for both the executive/management team of the Department of General Services and each employee. Helps create an environment of accountability and personal responsibility.





## OFFICE OF INTERNAL AUDIT

The Office of Internal Audit is the independent appraisal function established within the Department of General Services to examine and evaluate departmental activities as a service to management. The objective of the office is to assist members of the department in the effective discharge of their responsibilities. This is accomplished through offering a variety of services including the following:

- Enterprise Risk Management Assistance
- Limited Reviews
- Contract Compliance Audits
- Special Investigations
- Advisory Services
- Liaison for the Comptroller of the Treasury



The audit director reports directly to the Commissioner and, thereby, provides analyses, appraisals, recommendations, counsel, and information concerning any departmental activities reviewed. This is done with the clear purpose of specifying the unrestricted scope of work performed, while ensuring that the auditors are to have no authority or responsibility for the activities they audit. This degree of independence allows the Office of Internal Audit the freedom to examine financial transactions, accounts and reports, program activities, compliance with laws and regulations, the economical and efficient use of resources, and whether desired results are achieved.

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